Adding service under HB2017

Board Retreat
November 8, 2017
HB 2017 Revenue

- 1/10th of 1% payroll tax on employees
- 90% returned to TriMet
- Not a traditional formula – new role for OTC
- TriMet “banker” for regional funds
- Effective July 1, 2018
- OTC Rule expected ~May 2018
- 1st funds to TriMet ~ Quarter 1 CY 2019
- TriMet planning now for Sept. 2018 & Mar. 2019
- TriMet/Citizen Advisory Committee process will advance prior to OTC approval
HB 2017 Transit Provisions

• Plans must address:
  • Improving or extending routes to low income communities
  • Purchase of natural gas or electric buses
  • Reducing fares for low income
  • Coordination of services inside & outside districts

• “...not for light rail.”
HB 2017 Transit Provisions

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  • Purchase of natural gas or electric buses
  ✓ Reducing fares for low income
  ✓ Coordination of services inside & outside districts

• “...not for light rail.”
Low Income Fare

- TriMet committed to implement low income fare with new funds
- Advisory committee recommendation: 50% at 200% of federal poverty level
- ~70,000 max. could qualify
- ~$12m plus administration annual cost at full implementation
Coordination of Services Inside & Outside of District

- State requirement in HB2017
- Setting aside $2m per year as “placeholder”
- Review with CAC and regional partners
- Reconciliation later in the planning process
## HB 2017 - Possible Revenue Flow

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB 2017 Revenues</td>
<td>$26.0</td>
<td>$55.3</td>
<td>$59.1</td>
<td>$62.0</td>
<td>$65.1</td>
<td>$68.4</td>
<td>$71.8</td>
<td>$75.4</td>
<td>$79.2</td>
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<tr>
<td>Low Inc. Fare total*</td>
<td>$3.5</td>
<td>$4.9</td>
<td>$7.4</td>
<td>$10</td>
<td>$12.3</td>
<td>$13.7</td>
<td>$14.7</td>
<td>$15.2</td>
<td>$15.6</td>
</tr>
<tr>
<td>Coordination of Services</td>
<td>$2.0</td>
<td>$2.1</td>
<td>$2.1</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.3</td>
<td>$2.4</td>
<td>$2.5</td>
<td>$2.5</td>
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<tr>
<td>Net Available</td>
<td>$20.5</td>
<td>$48.3</td>
<td>$49.5</td>
<td>$49.8</td>
<td>$50.6</td>
<td>$52.4</td>
<td>$54.7</td>
<td>$57.7</td>
<td>$61.0</td>
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</tbody>
</table>

Requires recommendation from Advisory Committee

* Most of this represents lost fare revenue which replaces current fare receipts that will be foregone with low income fare program. Does not represent new revenue for other uses.
Big Questions – Big Opportunities

• Great opportunity! Complexity to deliver.
• Appropriate mix of service vs capital?
• Pay-go versus bonding for capital?
• Appropriate mix of service types?
• Diesel or electric?
• Traditional or articulated?
• 4\textsuperscript{th} operations center?
• Enhanced transit?
Where to start?

Resourcing Complexities

- 2 year lead time for bus orders
- 2+ year lead time for journey worker mechanics and other key support staff
- Space limitations at existing facilities
- ~ 10-16 month lead time for outreach, planning, and implementation of service
- Interdependencies layered on top of other complexities with current system and growth
Key Issues

• Human Resources – especially mechanics
• Buses and Facility Capacity
Revenue Concepts

“Base” is the normal growth in the payroll tax.
Revenue Concepts

“Base” is the normal growth in the payroll tax.

“Increment” is the phase in of the employer payroll tax at 1/100th of a percent per year.
Revenue Concepts

“Base” is the normal growth in the payroll tax.

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HB 2017 is new state funding.
Mechanics

Rough Illustration of number of mechanics needed to meet service demand

[Bar chart showing the forecast for FY2018 to FY2023]
Mechanics – Shortfall before HB2017

![Bar chart showing base, increment, and shortfall for fiscal years FY2018 to FY2023. The chart illustrates the growth in shortfall over time.]
Mechanics – Shortfall before HB2017
Mechanics – Shortfall with HB2017
Mechanics – Shortfall with HB2017 “Ramp Up”
Mechanics – Timing Complexities and “Ramp Up”

To get new mechanics, they must enter apprenticeship class two years earlier.
Buses and Facility Capacity Base
Buses and Facility Capacity
Base and Increment

<table>
<thead>
<tr>
<th>Year</th>
<th>Base</th>
<th>Increment</th>
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<td>2017</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>600</td>
<td></td>
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<tr>
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<td>1,200</td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>1,300</td>
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</table>

Capacity for buses each period
Buses and Facility Capacity
Base and Increment

Need interim solution
Buses and Facility Capacity Base, Increment and HB 2017

Capacity for buses each period

Bus parking capacity shortfall before HB2017
Buses and Facility Capacity
Base, Increment and HB 2017

Capacity for buses each period  
Bus parking capacity shortfall before HB2017  
Additional buses for HB2017

Need interim solution

Need 4th garage
HB2017 “Ramp Up

Five year ramp up of new service – fastest that supply of mechanics and bus maintenance availability will allow.
HB2017 “Ramp Up

Gradual ramp in creates some OTO funds.
HB2017 “Alternate Ramp Up” OTO Funds

Would continue further years if service ramped up more slowly
HB2017 “Ramp Up” OTO Funds

• Needed for
  • Interim bus facility
  • 4th bus base - $50-80M
  • New Buses
  • Training
  • Hiring
• Electric buses? Capital ~$300k but coming down. Lifecycle costs lower if battery life achieved.
• Articulated buses? For example, 128 articulated buses through FY2025 would add $43 million but provide 56% greater passenger capacity, plus additional facility costs.
HB2017 “Ramp Up” Service

• Attempt to accommodate timing challenges including funding, and bus, mechanic and other timing complexities

• 5-year ramp up of HB2017-funded service growth to allow resources and assets to catch up, but still start service soon
Operational changes during 5 year ramp up

For FY19-23 only

- 11,500 additional weekly vehicle hours (current: ~44,500)
- 135 additional buses (current: ~650)
- 360 additional bus Operators (current: ~1,150)
- 55 additional bus Mechanics (current: ~140)
“Ramp up” service proposal pending public review and adjustments

• 38% Improving frequency on Frequent Service and regular service lines
• 25% Capacity and reliability
• 16% New Frequent Service Lines
• 14% New lines
• 4% Route changes
• 3% Span improvements
Service Types

- Increased frequency on regular routes
- Capacity & Reliability
- New Frequent Service lines
- New bus lines
- Route changes
Summary

• Great opportunity!
• Complexities
• Human resources – especially mechanics
• Maintenance and storage capacity for buses
• Capital needs